

SUMMARY OF GENERAL FUND EXPENDITURES***2003-2004 Budget***

	1999-2000 Actual	2001-2002 Budget	2001-2002 Estimate	2003-2004 Budget
Total Expenditures	\$91,088,770	\$111,688,379	\$108,201,588	\$104,693,102

Summary of budget changes by Department

Department	2001-2002 Budget	2003-2004 Budget	Difference	Percent Change
Executive	\$996,865	\$971,201	(\$25,664)	(2.6)
Finance	10,381,674	9,856,923	(524,751)	(5.1)
Fire	21,378,593	21,436,397	57,804	0.3
Human Resources	1,574,158	1,686,945	112,787	7.2
Non-Departmental	21,678,773	16,678,741	(5,000,032)	(23.1)
Parks	8,002,999	8,254,954	251,955	3.1
Planning	10,470,753	9,290,503	(1,180,250)	(11.3)
Police	20,183,482	19,819,528	(363,954)	(1.8)
Public Works	15,607,962	15,183,023	(424,939)	(2.7)
Legislative	320,350	314,856	(5,494)	(1.7)
Legal	1,092,770	1,200,031	107,261	9.8
Total	\$111,688,379	\$104,693,102	(\$6,995,277)	(6.3)

**EXPLANATION OF BUDGET CHANGES
BETWEEN 2001-2002 AND 2003-2004 EXPENDITURES:**

<u>One-Time Expense Reductions (2001-2002):</u>	Amount
Eliminated transfer (99/00 surplus) to the CIP program	(\$8,210,380)
Eliminated funding for one-time transactions, such as vehicle purchases, capital equipment, technology projects and 800 megahertz radios	(2,563,424)
Eliminated one-time contingency for PERS/LEOFF rate adjustment	(771,982)
Total one -time expense reductions (2001-2002)	(\$11,545,786)
 <u>Program Reductions (2003-2004):</u>	
Program reductions for 2003-04 (for more detail, see discussion below and departmental budget explanations)	(3,190,048)
Total reductions	(\$3,190,048)
 <u>New Programs:</u>	
Anti-terrorism training (Police Dept.)	\$40,000
Development review technology enhancements (Planning Department; funded by 3% technology surcharge)	73,500
3 Firefighters (Fire Department)	429,350
Funding for 2003 special elections	55,000
Parks land acquisition contingency	400,000
Increase Human Services per capita funding	98,895
Study to assess feasibility of future Parks bond issue	80,000
City Hall debt service set-aside	400,000
Total new programs	\$1,576,745
 <u>Restoration of one-time programs:</u>	
Employee training (Human Resources)	\$25,000
Community events (Non-Departmental)	125,000
Total restoration of one -time programs	\$150,000
 <u>Other changes:</u>	
Salary and benefit contingency	\$3,927,222
Changes in salary and benefits due to merit and benefit rate adjustments	1,427,671
Increased cost of property and liability insurance	438,506
Utility cost increases for electricity, water, wastewater, natural gas and stormwater services	331,176

Increase in 5% capital investment program transfer	390,998
Change in operating and building permit reserve requirements based on lower revenues	(487,469)
Changes in other accounts	(14,262)
Total other increases	\$6,223,555
TOTAL	(\$6,995,277)

Reductions:

This section includes adjustments for several one-time transactions and benefit rate decreases that were included in the 2001-2002 adopted budget as follows:

- Eliminated 1999-2000 transfer to the CIP Program: (\$8,210,380)

This item eliminates the one-time transfer of the 1999-2000 General Fund surplus to the CIP. Per the City's financial policies, biennial budget surpluses are used to support one-time emergency capital or the Capital Improvement Program. This money was allocated to the Parks, Transportation and General Government CIP functional areas, per the City Council's direction.
- Eliminated one-time purchases: (\$2,563,424)

This item eliminates funding approved for one-time purchases included in the 2001-2002 budget, such as vehicles, capital equipment, technology projects such as the upgrade to the Council Chamber, and resources for the purchase of 800 megahertz radios.
- Reduced one-time funding for PERS/LEOFF contributions: (\$771,982)

In late 2000, the State notified the City that PERS and LEOFF rates were being reduced for 2001. This saved the City \$771,982 from the amount budgeted in 2001-2002. This money was placed in a contingency to offset potential changes in PERS and LEOFF rates in 2002, of which none occurred. The new rates for 2003-2004 are already incorporated in the budget eliminating the need for the contingency.
- Program reductions: (\$3,190,048)

This category includes reductions in response to the decline in sales tax and development revenues related to the economic recession. As discussed in the previous section summarizing General Fund revenues, sales taxes and development revenues are the City's two most economically sensitive revenue sources and together constitute 41% of the City's revenue base. In recognition of the decline in these two revenue sources, the Mayor in mid-2002 directed all departments to evaluate their services and to submit budget reductions as part of their 2003-2004 biennial budget requests. In response to this directive, City departments reduced expenditures by \$2.745 million, which included eliminating funding for 11.70 FTEs. Included in these reductions are \$1.3 million and 6.58 FTEs related to reduced activity in development review. The remaining \$1.4 million and 5.12 FTEs represent operational reductions in other areas of the City including Finance, Human Resources, Parks, Police, Fire, Planning and Public Works. For further detail on these reductions, please refer to the budget summaries in each department.

New Programs:

Included in the 2003-2004 Adopted Budget are new programs to provide anti-terrorism training for law enforcement officials and to support two new technologies to improve the City's development review functions. Revenues generated by continuing the 3% technology surcharge through 2004 will be used to support these technological enhancements. A short description of these new programs are as follows:

- Anti-terrorism training: \$40,000
Funding is provided to the Police Department to receive training in anti-terrorism techniques. This training is offered primarily on the east coast of the United States and is developed particularly for law enforcement officials.
- Planning Department new technologies: \$73,500
Funding is provided to the Planning Department to support two new technologies to improve the development review process: enabling permit applicants to view their permits via the Internet, and linking the City's geographic information services and permitting systems. Linking these two systems will improve the ability of City planners and public works staff to evaluate permit applications and development proposals.
- 3 Firefighters: \$429,350
Increases staffing for the Fire Department by 3 firefighters, enabling the Department to become fully staffed at Fire Station #14, which is located in the Ames Lake area. This amount reflects Redmond's share of the additional staffing (\$150,000), and Fire District #34 has agreed to support the remaining costs of this program (\$279,350).
- Special Elections: \$55,000
Increases the budget for the City Clerk's office by \$55,000, reflecting the estimated costs of holding special elections in 2003.
- Parks land acquisition: \$400,000
Establishes funding contingency for the future purchase of parks land and facilities.
- Increase in per capita Human Services funding: \$98,895
This item increases the per capita Human Services funding rate from \$9.13 per capita to \$9.82 per capita. This increase is being made due to the significant reductions to human services programs at the state and county levels.
- Parks bond study: \$80,000
Establishes funding contingency for the future study and feasibility of a parks bond measure. This cost estimate is based on recent experiences by the cities of Bellevue and Kirkland.
- City Hall debt financing: \$400,000
Sets aside funding for the future debt service needs for the construction of a new City Hall.

Restoration of one -time programs:

This category includes the restoration of two programs that were authorized by the Council in the 2001-2002 biennium and funded with one-time monies. These programs include the following:

- In-house Employee Training: \$25,000
This item restores one-time resources to enable the City to continue providing training to employees through the Eastside Training Consortium (\$25,000). Support of this training was originally budgeted at \$50,000 in the 2001-2002 biennium but is reduced by 50%.
- Community events contingency: \$125,000
This item provides for continued support of community events such as Redmond Lights and Derby Days.

Other Changes:

This category includes various other changes as a result of inflationary, salary and benefit increases, and other activities that are required to comply with the City's fiscal policies. These changes include the following:

Salary and benefit increases and contingencies:

- Salary and benefit contingency: \$3,927,222
This change to the City's salary and benefit contingency represents the amount that is set aside for contract and labor settlements.
- Changes in salary and benefits due to merit and benefit rate increases: \$1,427,671
This item funds increases in employee salaries and benefits for 2001-2002 such as employee merit pay increases and changes in marital or dependent status.

Inflationary and other mandatory increases in the cost of operations:

- Increase in cost of property and liability insurance: \$438,506
This item reflects the increased cost of property and liability insurance. In the aftermath of the terrorist attacks of September 2001, the insurance industry was affected dramatically and as a result premiums have increased significantly.
- Utility cost increases: \$331,176
This item reflects funding to support increases in the cost of utilities including electricity, water, wastewater, natural gas and stormwater services.

Compliance with City fiscal policies:

- Increase in 5% CIP transfer: \$390,998
The City transfers 5% of General Fund revenues directly to the Capital Investment Program. The total amount of these transfers and deposits for 2003-2004 is \$4.8 million. The City also deposits \$1.1 million per year from sales tax revenues into the Capital Investment Program. This deposit continues at this level in 2003-2004.
- Change in operating and building permit reserve requirements: (\$487,469)
This item complies with the City's fiscal policy of maintaining a general fund operating reserve equal to 10% of total general fund budgeted revenues and building reserve equal to 25% of building review and inspection costs.